

IRA TOWNSHIP
St. Clair County, Michigan
AUDITED FINANCIAL STATEMENTS
For The Year Ended June 30, 2008

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name*	IRA TOWNSHIP	County*	ST. CLAIR	Type*	TOWNSHIP	MuniCode*	74-1-160
Opinion Date-Use Calendar	Nov 4, 2008	Audit Submitted-Use Calendar*	Dec 23, 2008	Fiscal Year End Month*	06	Fiscal Year*	2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/>	<input type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input type="checkbox"/>	<input type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/>	<input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/>	<input type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	13. Is the audit opinion unqualified?
		14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	18. Are there reported deficiencies?
	<input checked="" type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/>	\$ 1,196,896.00
General Fund Expenditure:	<input type="checkbox"/>	\$ 1,340,219.00
Major Fund Deficit Amount:		(\$ 106,187.00)

General Fund Balance:	<input type="checkbox"/>	(\$ 106,187.00)
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/>	\$ 282,350.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)*	PATRICIA	Last Name*	MANLEY	Ten Digit License Number*	1101014974
CPA Street Address*	1115 S. PARKER ST.	City*	MARINE CITY	State*	MI
		Zip Code*	48039	Telephone*	+1 (810) 765-4700
CPA Firm Name*	MCBRIDE, MANLEY & MILLER	Unit's Street Address*	1115 S. PARKER ST.	Unit's City*	MARINE CITY
				Unit's Zip*	48039

**Ira Township
Table of Contents**

Page

Management's Discussion and Analysis	i - iv
Independent Auditors' Report	1
Basic Financial Statements	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Assets	2
Statement of Activities	3
<i>Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds	4
Reconciliation of the Governmental Funds	
Balance Sheet with the Statement of Net Assets	5
Statement of Revenues, Expenditures, and Changes	
in Fund Balance - Governmental Funds	6
Reconciliation of the Governmental Funds	
Statement of Revenues, Expenditures, and	
Changes in Fund Balance with the Statement	
of Activities	7
Statement of Net Assets - Proprietary Funds	8
Statement of Revenues, Expenses, and Changes	
in Net Assets - Proprietary Funds	9
Statement of Cash Flows - Proprietary Funds	10
Statement of Fiduciary Net Assets - Fiduciary Funds	11
General Fund - Statement of Revenues, Expenditures,	
and Changes in Fund Balance - Budget (GAAP Basis)	
and Actual	12
Fire Operational Fund - Statement of Revenues,	
Expenditures, and Changes in Fund Balance -	
Budget (GAAP Basis) and Actual	13
Notes to Financial Statements	14-26
Supplemental Information	
<i>Non-Major Governmental Funds:</i>	
Combining Balance Sheet	27
Combining Statement of Revenues, Expenditures, and	
Changes in Fund Balance	28
Water Supply and Sewage Disposal System - Schedule of	
Revenues and Expenses - Budget to Actual	
Water Department / Sewer Department	29
Schedule of Indebtedness	30-33





**McBride, Manley
& Miller P.C.**

Certified Public Accountants

Marine City, MI (810) 765-4700

Chesterfield, MI (586) 598-4600

November 4, 2008

Township Board
Ira Township
7085 Meldrum Road
Fair Haven, Michigan 48023

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of IRA TOWNSHIP as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Ira Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ira Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Ira Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and/or other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiency to be a significant deficiency in internal control.

- 1) The Township relies on the auditor to make significant adjustments to the general ledger in order to comply with Generally Accepted Accounting Principles. The Township also relies on the auditor to prepare GAAP financial statements.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the above finding is a material weakness.

This communication is intended solely for the information and use of the Township Board, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

McBride, Manley & Miller P.C.
MCBRIDE, MANLEY & MILLER P.C.
Certified Public Accountants

IRA TOWNSHIP

Management's Discussion and Analysis

June 30, 2008

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's combined net assets decreased from a year ago from \$10,715,000 to \$10,410,000. As we look at the governmental activities separately from the business-type activities, we can see that the governmental activities experienced an increase of approximately \$231,000. This was mainly due to a decrease in depreciation, combined with timing differences between modified and full accrual reporting. The business-type activities experienced a \$536,000 decrease in net assets. This was mainly due to an increase in depreciation. In a condensed format, the table below shows a comparison of the net assets (in thousands of dollars) as of the current date to the prior year:

(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
Current Assets	\$ 844	\$ 753	\$ 1,840	\$ 1,190	\$ 2,684	\$ 1,943
Noncurrent Assets	1,555	1,694	19,137	18,525	20,692	20,219
Total Assets	2,399	2,447	20,977	19,715	23,376	22,162
Long-Term Debt Outstanding	283	128	10,740	10,364	11,023	10,492
Other Liabilities	550	522	1,088	738	1,638	1,260
Total Liabilities	833	650	11,828	11,102	12,661	11,752
Net Assets						
Invested in Capital Assets - Net of Debt	1,234	1,471	7,511	7,306	8,745	8,777
Restricted	418	189	-	-	418	189
Unrestricted	(86)	137	1,638	1,307	1,552	1,444
Total Net Assets	\$ 1,566	\$ 1,797	\$ 9,149	\$ 8,613	\$ 10,715	\$ 10,410

IRA TOWNSHIP

Management's Discussion and Analysis

June 30, 2008

The following table shows the changes in the net assets (in thousands of dollars) as of the current date to the prior year:

(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
Program Revenues						
Charges for Services	\$ 339	\$ 535	\$ 2,395	\$ 2,266	\$ 2,734	\$ 2,801
Operating Grants and Contributions	29	65	-	-	29	65
Capital Grants and Contributions	72	85	-	83	72	168
General Revenues						
Property Taxes	573	595	-	-	573	595
State-shared Revenues	491	490	-	-	491	490
Unrestricted Investment Earnings	17	17	43	23	60	40
Other	164	120	-	-	164	120
Total Revenues	<u>1,685</u>	<u>1,907</u>	<u>2,438</u>	<u>2,372</u>	<u>4,123</u>	<u>4,279</u>
Program Expenses						
General Government	374	375	-	-	374	375
Public Safety	938	922	-	-	938	922
Public Works	325	289	-	-	325	289
Community Development	18	19	-	-	18	19
Recreation and Culture	57	54	-	-	57	54
Debt Service	23	17	-	-	23	17
Water and Sewer	-	-	2,681	2,908	2,681	2,908
Total Expenses	<u>1,735</u>	<u>1,676</u>	<u>2,681</u>	<u>2,908</u>	<u>4,416</u>	<u>4,584</u>
Change in Net Assets	<u>\$ (50)</u>	<u>\$ 231</u>	<u>\$ (243)</u>	<u>\$ (536)</u>	<u>\$ (293)</u>	<u>\$ (305)</u>

Governmental Activities

The Township's governmental activities consist of the General Fund, Fire Operational Fund, and four Debt Service Funds. The governmental activities experienced a decrease in net assets--basically as a result of the poor economy, residents leaving the Township, and lack of building in the Township.

IRA TOWNSHIP

Management's Discussion and Analysis

June 30, 2008

Business-Type Activities

The Township's business-type activities consist of the Water and Sewer Fund. We provide water to approximately 85% of the Township's residents, and sewage treatment to approximately 75% of the Township's residents. We experienced a decrease in our net operating income, due primarily to the loss of residents in a large manufactured housing community.

The Township's Funds

Our analysis of the Township's major funds begins on page 4, following the entity-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds include the General Fund and the Fire Fund.

The General Fund pays for most of the Township's governmental services. The most significant are general government, public works, and public safety, which incurred expenses of approximately \$1,092,000.

General Fund Budgetary Highlights

Over the course of the year, the Township amended the budget to take into account unexpected events during the year. The General Fund's fund balance decreased from \$37,000 a year ago to a deficit of \$106,000 at June 30, 2008 due to these unexpected events.

Capital Asset and Debt Administration

At the end of June 30, 2008, the Township had \$19,808,000 invested in a broad range of capital assets, including buildings, police and fire equipment, and water and sewer lines. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statements.

IRA TOWNSHIP

Management's Discussion and Analysis

June 30, 2008

Fund Balance Deficit

The Township's General Fund ended the year with a fund balance deficit of approximately \$106,000. It is the Board's intent to administer more cuts to the budget and increase some service fees to rectify the serious financial situation the Township is in.

Economic Factors and Next Year's Budgets and Rates

The Township needs to continue to watch its budget very closely. In excess of 40% of the General Fund revenues are generated from the State of Michigan revenue sharing formula. The State has experienced significant budget deficits, and these revenues may be reduced in an attempt to balance their budget in the future.

In the current economy, it is the Township's intention to implement additional budget cuts whenever possible. The Township is committed to cutting its spending in the 2008/2009 fiscal year. The Township will increase revenues to offset the rising costs of operations. The Fire Department has also started an ambulance service. This new service is anticipated to generate additional revenue for the Fire Department, making the Fire Fund less dependent on the General Fund. This should help in strengthening both the General Fund and the Fire Operating Fund.

Contacting the Township Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the supervisor's office.



**McBride, Manley
& Müller P.C.**

Certified Public Accountants

Marine City, MI (810) 765-4700

Chesterfield, MI (586) 598-4600

INDEPENDENT AUDITORS' REPORT

November 4, 2008

Township Board
Ira Township
7085 Meldrum Road
Fair Haven, Michigan 48023

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of IRA TOWNSHIP, as of and for the year ended June 30, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Ira Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ira Township, as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages i through iv, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual nonmajor fund financial statements and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,


MCBRIDE, MANLEY & MÜLLER P.C.
Certified Public Accountants

**Ira Township
Statement of Net Assets
June 30, 2008**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 402,266	\$ 23,183	\$ 425,449
Investments	150,111	42,478	192,589
Restricted cash	--	272,443	272,443
Accounts and assessment receivable - current	155,684	371,105	526,789
Due from other units of government	34,420	30,520	64,940
Prepaid and other assets	10,952	14,036	24,988
Restricted receivables and deposits - current expendable	--	392,242	392,242
Capital assets, net of accumulated depreciation	1,655,375	5,850,297	7,505,672
Capitalized lease, net of amortization	--	12,302,279	12,302,279
Bond issuance cost, net of amortization	--	165,540	165,540
Accounts and assessment receivable - noncurrent	38,949	--	38,949
Restricted receivables - noncurrent expendable	--	44,544	44,544
<i>Internal Balances*</i>	--	206,077	--
Total Assets	2,447,757	19,714,744	21,956,424
Liabilities			
Accounts payable	113,601	153,965	267,566
Accrued wages and benefits	19,683	54,882	74,565
Deferred revenue	24,167	--	24,167
Accrued interest	4,577	43,261	47,838
Current portion of long-term debt	154,417	482,502	636,919
Payroll liabilities	--	3,339	3,339
Long-term obligations, net of current portion	127,933	10,363,818	10,491,751
<i>Internal Balances*</i>	206,077	--	--
Total Liabilities	650,455	11,101,767	11,546,145
Net Assets			
Investment in capital assets, net of related debt	1,471,013	7,306,256	8,777,269
<i>Restricted for:</i>			
Debt retirement	188,861	--	188,861
<i>Unrestricted</i>	137,428	1,306,721	1,444,149
Total Net Assets	\$ 1,797,302	\$ 8,612,977	\$ 10,410,279

* Amounts have been eliminated in total column



**Ira Township
Statement of Activities
For the Year Ended June 30, 2008**

Functions/Programs	Program Revenues			Net (Expense) Revenue		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
Primary Government						
Governmental Activities:						
General government	\$ 375,485	\$ 127,455	\$ 85,444	\$ (162,586)	\$ --	\$ (162,586)
Public safety	921,600	190,263	--	(696,982)	--	(696,982)
Public works	288,589	34,355	--	(87,388)	--	(87,388)
Planning and economic development	19,172	--	--	(5,532)	--	(5,532)
Recreation and cultural	54,500	2,435	--	(21,860)	--	(21,860)
Other	138	--	--	(138)	--	(138)
Debt - interest	16,772	--	--	(16,772)	--	(16,772)
Total Governmental Activities	1,676,256	534,994	85,444	(991,258)	--	(991,258)
Business-type Activities:						
Water / Sewer Fund	2,908,690	2,266,167	82,538	--	(559,985)	(559,985)
Total Business-type Activities	2,908,690	2,266,167	82,538	--	(559,985)	(559,985)
Total Primary Government	\$ 4,584,946	\$ 2,801,161	\$ 167,982	\$ (991,258)	\$ (559,985)	\$ (1,551,243)

General Purpose Revenues and Transfers:

Revenues						
Property taxes	594,695					594,695
Distributions from State	489,683					489,683
Miscellaneous revenue	75,501					75,501
Interest revenue	17,584			7,415		24,999
Gain on sale of assets	45,000			--		45,000
Income on restricted assets	--			16,068		16,068
Transfers						
Total General Revenues and Transfers	1,222,463			23,483		1,245,946
Change in Net Assets	231,205			(536,502)		(305,297)
Net Assets at Beginning of Period	1,566,097			9,149,479		10,715,576
Net Assets at End of Period	\$ 1,797,302			\$ 8,612,977		\$ 10,410,279



**Ira Township
Balance Sheet
Governmental Funds
June 30, 2008**

	<u>Special Revenue</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Fire Fund</u>		
Assets				
Cash and cash equivalents	\$ 14,965	\$ 9,597	\$ 377,704	\$ 402,266
Investments	85,033	65,078	—	150,111
Accounts and assessment receivable - current	76,298	59,585	19,801	155,684
Due from other units of government	34,420	—	—	34,420
Prepaid and other assets	4,727	1,743	—	6,470
Due from other funds - current	—	—	14,378	14,378
Accounts and assessment receivable - noncurrent	3,830	—	35,119	38,949
Due from other funds - noncurrent	—	11,328	8,642	19,970
Total Assets	\$ 219,273	\$ 147,331	\$ 455,644	\$ 822,248
Liabilities				
Accounts payable	\$ 76,305	\$ 15,076	\$ —	\$ 91,381
Accrued wages and benefits	6,190	2,562	—	8,752
Deferred revenue	60,531	62,566	54,920	178,017
Due to other funds - current	—	57,991	—	57,991
Due to other funds - noncurrent	182,434	—	—	182,434
Total Liabilities	325,460	138,195	54,920	518,575
Fund Balance				
<i>Reserved for:</i>				
Prepaid expenses	4,661	—	—	4,661
<i>Unreserved reported in:</i>				
General Fund	(110,848)	—	—	(110,848)
Special Revenue	—	9,136	—	9,136
Debt Service	—	—	400,724	400,724
Total Fund Balance	(106,187)	9,136	400,724	303,673
Total Liabilities and Fund Balance	\$ 219,273	\$ 147,331	\$ 455,644	\$ 822,248



Ira Township
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2008

Total Fund Balance - Governmental Funds	\$ 303,673
Revenue earned but not collected within sixty days deferred in governmental fund statements, recognized as revenue in Statement of Activities.	153,850
Compensated absences expensed as paid in governmental fund statements, expensed as incurred in entity wide statements and reflected as liability on Statement of Net Assets.	(10,931)
Accrued interest payable reflected on Statement of Net Assets, not on governmental balance sheets.	(4,577)
Fixed assets expensed as capital outlay in governmental fund statements, capitalized as fixed assets in Statement of Net Assets.	1,846,026
Depreciation expense reflected in entity wide statements, not reflected in governmental fund statements.	(190,651)
Long term debt reflected on Statement of Net Assets not in governmental fund's balance sheet.	(282,350)
Accrued interest receivable not received within revenue recognition period for governmental statements, recognized in Statement of Net Assets and Statement of Activities.	4,482
Accrued obligation not paid within sixty days, expensed in governmental fund statements, and reflected as a liability on the Statement of Net Assets.	(22,220)
Total Net Assets-Governmental Funds	\$ 1,797,302



Ira Township
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2008

		<u>Special Revenue</u>		
	<u>General Fund</u>	<u>Fire Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 130,056	\$ 277,850	\$ 185,266	\$ 593,172
Distributions from State	489,683	--	--	489,683
Distributions from other government	29,020	--	--	29,020
Licenses, permits, fines, and fees	148,381	--	--	148,381
Miscellaneous revenue	68,227	8,750	--	76,977
Refuse collections	196,047	--	--	196,047
State grant	132,907	--	--	132,907
Federal grant	--	33,945	--	33,945
Fire revenues	275	51,666	--	51,941
Special assessments	319	--	34,910	35,229
Ambulance revenues	--	96,899	--	96,899
Interest revenue	1,981	1,369	14,470	17,820
Gain on sale of assets	--	45,000	--	45,000
Total Revenues	<u>1,196,896</u>	<u>515,479</u>	<u>234,646</u>	<u>1,947,021</u>
Expenditures				
General government	513,838	--	--	513,838
Public safety	289,296	578,961	--	868,257
Public works	288,589	--	--	288,589
Planning and economic development	19,172	--	--	19,172
Recreation and cultural	44,628	--	--	44,628
Other	--	--	138	138
Debt - interest	--	1,853	16,990	18,843
Debt - principal	--	15,335	203,142	218,477
Total Expenditures	<u>1,155,523</u>	<u>596,149</u>	<u>220,270</u>	<u>1,971,942</u>
Excess of Revenues Over (Under) Expenditures	<u>41,373</u>	<u>(80,670)</u>	<u>14,376</u>	<u>(24,921)</u>
Other Financing Sources (Uses)				
Transfers from other funds	--	161,694	23,002	184,696
Transfers to other funds	(184,696)	--	--	(184,696)
Net Other Financing Sources (Uses)	<u>(184,696)</u>	<u>161,694</u>	<u>23,002</u>	<u>--</u>
Net Change in Fund Balance	<u>(143,323)</u>	<u>81,024</u>	<u>37,378</u>	<u>(24,921)</u>
<i>Fund Balance at Beginning of Period - Restated (Note 14)</i>	37,136	(71,888)	363,346	328,594
Fund Balance at End of Period	<u>\$ (106,187)</u>	<u>\$ 9,136</u>	<u>\$ 400,724</u>	<u>\$ 303,673</u>



Ira Township
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended June 30, 2008

Total Net Change in Fund Balances - Governmental Funds	\$ (24,921)
Revenue earned but not collected within sixty days deferred in governmental fund statements, recognized as revenue in Statement of Activities.	(39,324)
Compensated absences expensed as paid in governmental fund statements, expensed as incurred in entity wide statements and reflected as liability on Statement of Net Assets.	(3,270)
Accrued interest expense included in Statement of Activities, expensed as paid in governmental fund statements.	2,778
Principal payments on long-term debt expensed in governmental fund statements, treated as reductions of outstanding debt in entity wide statements.	217,770
Fixed assets expensed as capital outlay in governmental fund statements, capitalized as fixed assets in Statement of Net Assets.	291,279
Depreciation expense reflected in entity wide statements, not reflected in governmental fund statements.	(190,651)
Accrued interest receivable not received within revenue recognition period for governmental statements, recognized in Statement of Net Assets and Statement of Activities.	(236)
Accrued obligation not paid within sixty days, expensed in governmental fund statements, and reflected as a liability on the Statement of Net Assets.	(22,220)
Changes in Net Assets-Governmental Funds	<u>\$ 231,205</u>



**Ira Township
Statement of Net Assets
Proprietary Funds
June 30, 2008**

	<u>Water / Sewer Fund</u>
Assets	
<i>Current Assets</i>	
Cash and cash equivalents	\$ 23,183
Investments	42,478
Restricted cash	272,443
Accounts and assessment receivable - current	371,105
Due from other units government	30,520
Prepaid and other assets	14,036
Restricted receivables and deposits - current expendable	392,242
Due from other funds - current	43,613
Total Current Assets	<u>1,189,620</u>
<i>Noncurrent Assets</i>	
Capital assets, net of accumulated depreciation	5,850,297
Capitalized lease, net of amortization	12,302,279
Bond issuance cost, net of amortization	165,540
Restricted receivables - noncurrent expendable	44,544
Due from other funds - noncurrent	162,464
Total Assets	<u>19,714,744</u>
Liabilities	
<i>Current Liabilities</i>	
Accounts payable	153,965
Accrued wages and benefits	54,882
Accrued interest	43,261
Current portion of long-term debt	482,502
Payroll liabilities	3,339
Total Current Liabilities	<u>737,949</u>
<i>Noncurrent Liabilities</i>	
Long-term obligations, net of current portion	10,363,818
Total Liabilities	<u>11,101,767</u>
Net Assets	
Investment in capital assets, net of related debt	7,306,256
<i>Unrestricted</i>	1,306,721
Total Net Assets	<u>\$ 8,612,977</u>



Ira Township
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

	Water / Sewer Fund
Operating Revenues	
Miscellaneous revenue	\$ 47,835
State grant	82,538
User charges	1,140,335
Tap fees	41,955
Water hauling revenue	31,628
Penalties	36,474
Total Operating Revenues	1,380,765
Operating Expenses	
Water operations	1,564,968
Sewer operations	956,847
Total Operating Expenses	2,521,815
Operating Income	(1,141,050)
Non-Operating Revenues (Expenses)	
Debt service revenue	967,940
Interest revenue	7,415
Income on restricted assets	16,068
Interest expense	(386,875)
Net Non-Operating Revenues (Expenses)	604,548
Income Before Contributions and Transfers	(536,502)
Transfers from other funds	—
Transfers to other funds	—
Change In Net Assets	(536,502)
Net Assets at Beginning of Period	9,149,479
Net Assets at End of Period	\$ 8,612,977



**Ira Township
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008**

	Water / Sewer Fund
Cash Flows From Operating Activities:	
Receipts from customers	\$ 1,347,635
Payments to suppliers	(911,573)
Payments to employees	(632,687)
Other receipts (payments)	114,746
Net Cash Used In Operating Activities	(81,879)
 Cash Flows From Capital and Related Financing Activities:	
Acquisition of capital assets	(185,619)
Bond issuance costs	23,301
Special assessment collections	23,112
Principal paid on bonds	(906,786)
Interest and paying agent fees paid on revenue bonds	(387,409)
Debt service charges	967,940
Net Cash Used In Capital and Related Financing Activities	(465,461)
 Cash Flows From Investing Activities:	
Interest on investments	25,335
Net Cash Provided By Investing Activities	25,335
Net Decrease In Cash and Cash Equivalents	(522,005)
Cash and Cash Equivalents at July 1, 2007	860,109
Cash and Cash Equivalents At June 30, 2008	\$ 338,104
 Reconciliation of Operating Income (Loss) to Net Cash Used In Operating Activities:	
Operating income (loss)	\$ (1,141,050)
<i>Adjustments to reconcile operating income (loss) to net cash used in operating activities:</i>	
Depreciation and amortization	1,108,842
<i>Change in assets and liabilities:</i>	
Accounts receivable	99,963
Prepaid insurance	2,225
Due from other funds	(18,347)
Accounts payable	(144,789)
Due to other funds	6,388
Accrued expenses	4,889
Net Cash Used In Operating Activities	\$ (81,879)

Supplemental Disclosure of Non-cash Financing Activity:

During the year, St. Clair County borrowed an additional \$529,887 from the State of Michigan D.W.R.F. to finance the construction of a water main upgrade. Ira Township is leasing this upgrade on the same terms that the County has with the State.



**Ira Township
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008**

	<u>Agency</u>	
	<u>Trust and Agency</u>	<u>Tax Fund</u>
Assets		
Cash and cash equivalents	\$ 96,162	\$ 5,000
Accounts and assessment receivable - current	678	--
Total Assets	<u>96,840</u>	<u>5,000</u>
Liabilities		
Accounts payable	843	--
Due to other units and taxpayers	94,221	--
Due to other funds - current	1,776	5,000
Total Liabilities	<u>96,840</u>	<u>5,000</u>
Net Assets		
Held in Trust	<u>\$ --</u>	<u>\$ --</u>



Ira Township
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended June 30, 2008

	Budgeted Amounts			Variance Favorable (Unfavorable) Final to Actual
	Original	Final	Actual	
Revenues				
Property taxes	\$ 126,500	\$ 126,500	\$ 130,056	\$ 3,556
Distributions from State	457,900	457,900	489,683	31,783
Distributions from other governments	26,000	26,000	29,020	3,020
Licenses, fines, permits, and fees	206,205	206,205	148,381	(57,824)
Miscellaneous revenues	86,300	86,300	68,227	(18,073)
Refuse collections	193,000	193,000	196,047	3,047
Interest revenue	4,000	4,000	1,981	(2,019)
State grant	150,000	207,000	132,907	(74,093)
Fire revenues	5,000	5,000	275	(4,725)
Special assessment revenue	--	--	319	319
Total Revenues	1,254,905	1,311,905	1,196,896	(115,009)
Other Financing Sources				
Transfers from other funds	45,479	45,479	--	(45,479)
Total Revenues and Other Financing Sources	1,300,384	1,357,384	1,196,896	(160,488)
Expenditures				
General government	16,600	16,600	16,588	12
Drains	2,850	12,105	12,105	--
Roads	20,000	20,060	75,483	(55,423)
Streetlights	12,100	12,100	11,848	252
Private roads	1,000	1,000	408	592
Manager/ executive	168,440	155,892	160,443	(4,551)
Clerk	36,300	36,300	35,699	601
Treasurer	34,600	33,100	33,864	(764)
Assessing and board of review	58,705	61,653	62,104	(451)
Elections	8,850	5,850	4,848	1,002
Supervisor	11,520	11,520	10,371	1,149
Township office	161,170	184,670	189,921	(5,251)
Police	130,600	76,600	70,435	6,165
Inspections	180,700	210,361	218,861	(8,500)
Refuse removal	193,000	189,000	188,745	255
Parks and recreation	52,405	35,405	34,365	1,040
Library	12,100	12,100	10,263	1,837
Planning	15,065	20,865	18,138	2,727
Zoning board of appeals	2,180	2,180	1,034	1,146
Total Expenditures	1,118,185	1,097,361	1,155,523	(58,162)
Other Financing Uses				
Transfers to other funds	129,312	215,940	184,696	31,244
Total Expenditures and Other Financing Uses	1,247,497	1,313,301	1,340,219	(26,918)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	52,887	44,083	(143,323)	(187,406)
Fund Balance at Beginning of Period	37,136	37,136	37,136	--
Fund Balance at End of Period	\$ 90,023	\$ 81,219	\$ (106,187)	\$ (187,406)



Ira Township
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Fire Fund
For the Year Ended June 30, 2008

	Budgeted Amounts			Variance Favorable (Unfavorable) Final to Actual
	Original	Final	Actual	
Revenues				
Property taxes	\$ 453,681	\$ 453,681	\$ 277,850	\$ (175,831)
Miscellaneous revenues	--	--	8,750	8,750
Interest revenue	1,000	1,000	1,369	369
Federal grant	11,000	44,945	33,945	(11,000)
Fire revenues	50,000	50,000	51,666	1,666
Ambulance services	192,917	192,917	96,899	(96,018)
Gain on sale of assets	--	--	45,000	45,000
Total Revenues	708,598	742,543	515,479	(227,064)
Other Financing Sources				
Transfers from other funds	129,312	172,925	161,694	(11,231)
Total Revenues and Other Financing Sources	837,910	915,468	677,173	(238,295)
Expenditures				
Capital outlay	5,500	39,445	47,386	(7,941)
Debt interest	--	--	1,853	(1,853)
Debt principal	138,551	138,551	15,335	123,216
Fire	141,018	141,018	129,844	11,174
Wages	314,644	314,644	274,133	40,511
Ambulance	192,718	192,718	127,598	65,120
Total Expenditures	792,431	826,376	596,149	230,227
Other Financing Uses				
Transfers to other funds	45,479	45,479	--	45,479
Total Expenditures and Other Financing Uses	837,910	871,855	596,149	275,706
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	--	43,613	81,024	37,411
Fund Balance at Beginning of Period - Restated (Note 14)	(71,888)	(71,888)	(71,888)	--
Fund Balance at End of Period	\$ (71,888)	\$ (28,275)	\$ 9,136	\$ 37,411

**Ira Township
Notes To Financial Statements
June 30, 2008**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF TOWNSHIP OPERATIONS AND FUND TYPES: Ira Township operates under an elected Supervisor, Clerk, Treasurer, and Board of two trustees and provides services to its residents (approximately 6,900) in many areas, including fire, ambulance, and police protection.

REPORTING ENTITY: The financial reporting entity consists solely of Ira Township. GASB Statement No. 14, as amended, states that the financial reporting entity consists of (a) the primary government; (b) organizations for which the primary government is financially accountable; and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria for determining the financial reporting entity are separately elected governing body, legally separate entity, fiscally independent, ability to appoint voting majority of governing body, ability to impose its will, and potential for benefit or burden. Certain other organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government or its other component units. A legally separate, tax-exempt organization would be reported as a component unit of the reporting entity if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.



**Ira Township
Notes To Financial Statements
(Continued)
June 30, 2008**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Properties in Ira Township are assessed as of December 31, and the related property taxes become a lien on December 1 of the following year. These tax revenues are recognized when levied to the extent that they result in current receivables. All real property taxes levied December 31, 2007, have been received and recognized as revenue at June 30, 2008.

Revenues earned and susceptible to accrual are considered available and recognized if received within sixty days after the year end.

The government reports the following major governmental funds:

GENERAL FUND - This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, protective services, and other intergovernmental revenues.

FIRE OPERATIONAL FUND - This fund is used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

The government reports the following major proprietary funds:

ENTERPRISE FUNDS - The Water Supply and Sewer Disposal System Fund reports operations that provide services which are financed by user charges or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control, or other purposes.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. Residual balances between the business-type activities and the governmental activities are reported as "internal balances."



**Ira Township
Notes To Financial Statements
(Continued)
June 30, 2008**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private sector standards issued after November 30, 1989, for its business-type activities.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

ASSETS, LIABILITIES, AND NET ASSETS

BANK DEPOSITS AND INVESTMENTS: Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

RECEIVABLES AND PAYABLES: In general, outstanding balances between funds are reported as "due to/from other funds." All trade and property tax receivables are shown net of allowance for uncollectible amounts.

INVENTORIES AND PREPAID ITEMS: Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.



**Ira Township
Notes To Financial Statements
(Continued)
June 30, 2008**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Assets are depreciated using the straight-line method over the following useful lives:

Vehicles	5 years
Equipment	5-10 years
Buildings	35-40 years
Lines	15-40 years

COMPENSATED ABSENCES: The Township employs sixteen full-time employees entitled to compensated absences. These employees are entitled to six sick days per calendar year. Non-union employees are paid for one half of accumulated days upon resignation of employment, subject to a maximum accumulation of 60 days. Union employees are paid for 75% of their accumulated days, with no accumulation limits.

All vacation and vested sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

LONG-TERM OBLIGATIONS: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

FUND EQUITY: In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

It is the policy of the Township to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Ira Township
Notes To Financial Statements
(Continued)
June 30, 2008**

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS: P.A. 621 of 1978, section 18(3), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets, as amended by the Township Board, were adopted at the departmental level and are shown in the body of the financial statements. Budget amendments require approval from a majority of the Township Board. Actual expenditures exceeded those budgeted as follows:

General Fund

Manager/executive	\$ 4,551
Treasurer	764
Township office	5,251
Inspection department	8,500
Roads	55,423
Assessing and Board of Review	451

Fire Fund

Interest and fees	\$ 1,853
Capital outlay	7,941

In addition, Michigan statutes do not permit a fund to maintain a deficit fund balance. The General Fund ended the year June 30, 2008, with a deficit of \$106,187. The Township is required to adopt a deficit reduction plan and submit the plan to the Michigan Department of Treasury. This fund balance deficit has not been resolved with the currently adopted budget for the year ended June 30, 2009.

NOTE 3: CASH AND INVESTMENTS

Deposits are carried at cost. Deposits are at Michigan banks in the name of Ira Township. Michigan Act 20 P.A. 1943 allows a township to make various investments with public monies including, but not limited to, the following:

1. Direct bonds and obligations of the U.S., its agencies or instrumentalities
2. Certificates of deposit, savings accounts with banks, savings and loan associations, or credit unions which are insured with the applicable federal agency and located in the State of Michigan
3. Commercial paper - rated within 2 highest rate classifications by at least 2 rating services and matures not later than 270 days
4. U.S. or agency repurchase agreements
5. Mutual funds - investments which local unit can make directly
6. Bankers' acceptances of U.S. banks
7. Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service



**Ira Township
Notes To Financial Statements
(Continued)
June 30, 2008**

NOTE 3: CASH AND INVESTMENTS (Continued)

Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion Number 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

The deposits of the Township are in accordance with statutory authority.

Mutual fund investments are limited to those under SEC Rule 2a7 or 2a7-like investment pools. In accordance with GASB Statement 31, these are carried at amortized cost for financial reporting purposes.

Deposits and investments are recorded at cost. The carrying amounts are included on the balance sheet as "Cash and cash equivalents," "Investments," and "Restricted cash."

INVESTMENTS: During the year and at year end, the Township's investments were with various municipal pooled investment trust mutual funds. The year end balances at cost and market were \$232,062.

INTEREST RATE RISK: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Township's investment policy limits its mutual and similar pooled investment funds to those under SEC Rule 2a7 or 2a7-like investment pools. In addition, Michigan statutes limit its investments in non U.S. Government securities to commercial paper with maturities of no longer than 270 days. The Township's policy limits investments to those with a maturity of less than one year.

CREDIT RISK: The Township's policy and state statutes limit the Township's investments to those described above. At year end, the bank balance and carrying amount of the government's deposits with financial institutions totaled \$999,030 and \$984,418, respectively, of which \$205,250 was insured by the FDIC, and the remainder is not insured. The investment policy limits certificates of deposit in excess of FDIC insurance limits to those whose issuing institution has an investment grade rating. The policy contains no restrictions on cash deposits, other than the Michigan statute limitation to deposits with Michigan Chartered institutions.

CUSTODIAL RISK: The Township's policy does not address custodial risk, however, the Township's investments are all held by it and in its name.

NOTE 4: RESTRICTED ASSETS

Restricted Water and Sewer Fund cash includes amounts on deposit with the St. Clair County Department of Public Works Sewage Disposal System No. 1 in the amount of \$49,165 and monies restricted by Township ordinance in the amount of \$223,278. Additional assets restricted by Township ordinance consist of user receivables of \$108,637, accrued interest receivable of \$2,994, special assessment receivable of \$59,143, and unbilled receivables of \$266,012. These amounts are restricted for debt retirement and future construction costs.



**Ira Township
Notes To Financial Statements
(Continued)
June 30, 2008**

NOTE 5: FIXED ASSETS

Governmental Activities Fixed Assets:

A summary of changes in governmental fixed assets follows:

	Balance at 6/30/07	Additions	Disposals	Balance at 6/30/08
Office equipment	\$ 202,747	\$ 17,738	\$ --	\$ 220,485
Equipment	29,340	--	--	29,340
Fire hall improvements	34,743	2,985	--	37,728
Land and improvements	234,387	--	--	234,387
Buildings and improvements	967,983	--	--	967,983
Fire and ambulance equipment	1,315,477	86,938	(100,908)	1,301,507
Police equipment	597,897	--	--	597,897
D.P.W. equipment	6,156	--	--	6,156
Recreation and cultural	354,194	5,810	--	360,004
L.I.D. Project	184,409	177,808	--	362,217
	3,927,333	291,279	(100,908)	4,117,704
Less: Accumulated depreciation	(2,372,586)	(190,651)	100,908	(2,462,329)
	<u>\$1,554,747</u>	<u>\$100,628</u>	<u>\$ --</u>	<u>\$1,655,375</u>

Governmental activity depreciation, included on the Statement of Activities, was allocated as follows:

Recreation and Cultural	\$ 15,682
Public Safety	131,376
General Government	43,593
Total	<u>\$190,651</u>



**Ira Township
Notes To Financial Statements
(Continued)
June 30, 2008**

NOTE 5: FIXED ASSETS (Continued)

Business-Type Activities Fixed Assets:

A summary of changes in business-type fixed assets follows:

	Balance at <u>6/30/07</u>	<u>Additions</u>	<u>Disposals</u>	Balance at <u>6/30/08</u>
Water and Sewer Fund:				
Buildings	\$ 1,515,193	\$138,074	\$ --	\$ 1,653,267
Equipment	427,606	11,260	--	438,866
Vehicles	163,533	--	--	163,533
Pipe lines and plant	<u>12,673,019</u>	<u>36,287</u>	<u>--</u>	<u>12,709,306</u>
	14,779,351	185,621	--	14,964,972
Less: Accumulated depreciation	(8,571,499)	(543,176)	--	(9,114,675)
	<u>\$ 6,207,852</u>	<u>(\$357,555)</u>	<u>\$ --</u>	<u>\$ 5,850,297</u>
Capitalized Leased Fixed Assets:				
Land	\$ 236,228	\$ --	\$ --	\$ 236,228
Water plant and water mains	13,262,383	341,395	--	13,603,778
Sewer Disposal System	<u>1,857,003</u>	<u>--</u>	<u>--</u>	<u>1,857,003</u>
	15,355,614	341,395	--	15,697,009
Less: Accumulated amortization	(2,830,374)	(564,356)	--	(3,394,730)
	<u>\$ 12,525,240</u>	<u>(\$222,961)</u>	<u>\$ --</u>	<u>\$12,302,279</u>

Depreciation and amortization for the year ended June 30, 2008, amounted to \$287,267 in the Sewer Department. Depreciation and amortization expense amounted to \$820,265 in the Water Department.

NOTE 6: BONDS PAYABLE AND OTHER LONG-TERM INDEBTEDNESS

Changes in Indebtedness:

	Bonds and <u>Notes Payable</u>	Amortizable <u>Bond Discount</u>	Total Long-Term Obligations
Balance at June 30, 2007	\$ 11,734,706	\$12,677	\$11,747,383
Bond and loan proceeds	529,887	--	529,887
Amortization of discount	--	(1,310)	(1,310)
Retirement of debt	(1,124,556)	--	(1,124,556)
Balance at June 30, 2008	<u>\$11,140,037</u>	<u>\$11,367</u>	<u>\$11,151,404</u>
Total Water and Sewer Fund Leases and Bonded Indebtedness			\$10,857,687
Total Indebtedness in Governmental Funds			282,350
Unamortized Bond Premium			<u>11,367</u>
			<u>\$11,151,404</u>



**Ira Township
Notes To Financial Statements
(Continued)
June 30, 2008**

NOTE 6: BONDS PAYABLE AND OTHER LONG-TERM INDEBTEDNESS (Continued)

Capitalized Lease Obligations:

The Township has entered into contracts under the provisions of Act 185, Public Acts of Michigan, 1957, as amended, with St. Clair County, Michigan, for the lease of a water treatment plant. The terms of these leases extend until the county bonds issued for the construction of the water treatment plant are paid in full. The Township has pledged its full faith and credit to repay the bond issues with an unlimited tax general obligation approved by the vote of the Township residents. The contracts require semi-annual interest payments due the first of July and January and principal payments due the first of July of each year.

The Township also has a contract with St. Clair County for the lease of a wastewater treatment plant. The terms of this lease match those of the related bonds and bear the full faith and credit of the Township. Interest payments are due April and October and principal payments are due in April of each year for one issue. For another, interest payments are due March and September and principal payments are due in March of each year.

The Township has entered into a lease agreement with St. Clair County for the upgrade of the water main along M-29. The terms of this lease extend until the county bonds issued for the construction of the upgrade are paid in full. The project is being financed through the County using the State Drinking Water Revolving Fund. The contract requires semi-annual interest payments due the first of April and October and principal payments due the first of April each year for twenty years. As of June 30, 2008, the Township had a balance of approximately \$318,000 available to draw on this fund.

Minimum lease payments are as follows:

	<u>6/30/2009</u>	<u>6/30/2010</u>	<u>6/30/2011</u>	<u>6/30/2012</u>
Water Department	\$474,446	\$ 894,585	\$ 904,190	\$ 903,914
Sewer Department	181,289	181,273	178,996	176,190
Total Minimum Lease Payments	<u>\$655,735</u>	<u>\$1,075,858</u>	<u>\$1,083,186</u>	<u>\$1,080,104</u>
	<u>6/30/2013</u>	<u>6/30/2014-18</u>	<u>6/30/2019-23</u>	<u>6/30/2024-27</u>
Water Department	\$902,702	\$4,202,068	\$1,932,304	\$866,543
Sewer Department	78,307	401,656	418,391	--
Total Minimum Lease Payments	<u>\$981,009</u>	<u>\$4,603,724</u>	<u>\$2,350,695</u>	<u>\$866,543</u>

Interest expense and paying agent fees for Ira Township for the year ended June 30, 2008, totaled \$405,718.

The General Obligation Bonds are to be financed by tax revenues accumulated in the Debt Service Fund. The Water and Sewer Fund's lease obligations are to be financed by a combination of user charges and an unlimited tax general obligation approved by the vote of the Township residents. If, at any time, the revenue of the Water and Sewer Fund is insufficient to meet the current obligation, the liability becomes a general obligation of the Township.



**Ira Township
Notes To Financial Statements
(Continued)
June 30, 2008**

NOTE 6: BONDS PAYABLE AND OTHER LONG-TERM INDEBTEDNESS (Continued)

Summary of Indebtedness:

	<u>Number of Issues</u>	<u>Interest Rate</u>	<u>Maturing Through</u>	<u>Principal Outstanding</u>	<u>Current Portion</u>
General Obligations:					
Special Assessment Bonds - Series 2004	1	3.88%	2012	\$ 105,862	\$ 30,000
Special Assessment Bonds - Series 2006	1	6.85	2011	90,000	30,000
Installment Loan - DPW/Water and Sewer	N/A	4.30	2009	65,000	65,000
Installment Loans - Fire Trucks	N/A	3.34 - 7.00	2010	192,351	124,417
Capital Improvement Bonds - Series 2006	1	3.95 - 4.20	2013	355,000	65,000
Capitalized Leases - Water Department	2	2.125 - 4.125	2027	9,091,952	205,000
Capitalized Leases - Sewer Department	2	3.4 - 5.125	2023	1,239,873	127,502
Total General Obligations				<u>\$11,140,038</u>	<u>\$646,919</u>

Complete details of the Township's outstanding indebtedness are presented on pages 30-33.

Summary of Principal and Interest Requirements:

	<u>6/30/2009</u>	<u>6/30/2010</u>	<u>6/30/2011</u>	<u>6/30/2012</u>
Special Assessment Bonds	\$ 68,663	\$ 60,541	\$ 60,457	\$ 23,306
Capital Improvement Bonds	79,535	81,968	79,133	81,262
Installment Loans	198,234	69,494	--	--
Capitalized Leases	<u>655,735</u>	<u>1,075,858</u>	<u>1,083,186</u>	<u>1,080,104</u>
Total Principal and Interest Requirements	<u>\$1,002,167</u>	<u>\$1,287,861</u>	<u>\$1,222,776</u>	<u>\$1,184,672</u>
	<u>6/30/2013</u>	<u>6/30/2014-18</u>	<u>6/30/2019-23</u>	<u>6/30/2024-27</u>
Special Assessment Bonds	\$ --	\$ --	\$ --	\$ --
Capital Improvement Bonds	78,150	--	--	--
Installment Loans	--	--	--	--
Capitalized Leases	<u>981,009</u>	<u>4,603,724</u>	<u>2,350,695</u>	<u>866,543</u>
Total Principal and Interest Requirements	<u>\$1,059,159</u>	<u>\$4,603,724</u>	<u>\$2,350,695</u>	<u>\$866,543</u>

Debt Margin:

Michigan Compiled Law limits indebtedness incurred by townships to 10% of the total taxable value of the township. For the fiscal year 07/08, the taxable value of Ira Township was \$188,189,745; therefore, the legal debt margin is \$18,819,000.



Ira Township
Notes To Financial Statements
(Continued)
June 30, 2008

NOTE 7: INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds. These receivables and payables are classified as "Due from other funds", "Due to other funds", or "Restricted assets" on the balance sheet. The amounts of interfund receivables and payables are as follows:

	<u>Interfund Receivable</u>		<u>Interfund Payable</u>
		Trust and Agency Fund	\$ 1,776
		Tax Fund	<u>5,000</u>
General Fund (Treated as cash)	<u>\$ 6,776</u>		<u>\$ 6,776</u>
		General Fund	\$ 8,642
		Fire Fund	<u>14,378</u>
Debt Service Funds	<u>\$ 23,020</u>		<u>\$ 23,020</u>
Fire Fund	<u>\$ 11,328</u>	General Fund	<u>\$ 11,328</u>
		General Fund	\$162,464
		Fire Fund	<u>43,613</u>
Water/Sewer Fund	<u>\$206,077</u>		<u>\$206,077</u>

Interfund receivables and payables are eliminated in the entity-wide presentations, within the governmental and business-type fund groups.

The amount due the Water and Sewer Fund from the General Fund of \$162,464 is not expected to be repaid within the next year.

NOTE 8: INTERFUND TRANSFERS

Expenses for fire protection are accounted for in the Fire Fund. The General Fund routinely transfers funds to cover these expenses. The General Fund transferred funds to the debt service funds to cover a final debt payment and to reimburse a deficit fund balance as part of the prior year's deficit elimination plan.

Operating transfers during the year ended June 30, 2008, are as follows:

	<u>Transfers In</u>		<u>Transfers Out</u>
Fire Fund	<u>\$161,694</u>	General Fund	<u>\$161,694</u>
Debt Service Funds	<u>\$ 23,002</u>	General Fund	<u>\$ 23,002</u>

These transfers have been eliminated in the entity-wide Statement of Activities other than those between business-type activities and governmental activities, if any.



**Ira Township
Notes To Financial Statements
(Continued)
June 30, 2008**

NOTE 9: FUND BALANCE RESERVATIONS

	<u>Balance at June 30, 2007</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at June 30, 2008</u>
Reserved Fund Balance:				
Governmental Funds - for bond payments	\$363,346	\$257,648	\$220,270	\$400,724
- for prepaid expenses	7,287	4,661	7,287	4,661

Government Activities - \$188,861 is restricted for debt retirement.

NOTE 10: SEWAGE DISPOSAL SYSTEM

Ira Township entered into an agreement with Clay Township and the City of Algonac for the St. Clair County Department of Public Works to construct a joint sewer collector system. Ira Township issued \$2,800,000 worth of revenue bonds in payment of the Township's portion of the collector system. The full faith and credit of the Township and St. Clair County are pledged to the payment of these bonds pursuant to Act 185, Public Acts of Michigan, 1957, as amended. The Township operates and maintains the collector system which is being leased from the County. Ownership of the collector system will revert to the Township upon final payment of the bond issue. On the date the system was operable, the bonds payable and the related fixed asset were recorded at \$2,800,000. This fixed asset is being depreciated on a straight-line basis over 40 years. In 2003, an additional \$1,050,000 of bonds was issued for an upgrade and major repairs to the system.

NOTE 11: DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are held in trust for the exclusive benefit of participants and their beneficiaries.

It is the opinion of the Township that the Township has no liability for losses under the plan but does have the duty of care that would be required of an ordinary, prudent investor.

NOTE 12: RISK FINANCING

Ira Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from independent third parties. Settled claims from these risks have not exceeded insurance coverage for the past three years.

NOTE 13: ECONOMIC DEPENDENCY

Approximately 34% of the water and sewer revenues are obtained from one customer within the Township. The customer is a manufactured housing community consisting of approximately 1,400 sites.



**Ira Township
Notes To Financial Statements
(Continued)
June 30, 2008**

NOTE 14: PRIOR PERIOD ADJUSTMENTS

Fund balance for the beginning of the period has been changed in the Fire and Debt Service Funds to account for payments made out of the incorrect fund in prior years.

Prior period adjustments have been recorded as follows:

	<u>Fire Fund</u>	<u>Debt Service Fire Truck</u>
Fund balance at beginning of period	(\$39,516)	\$260,126
Prior period adjustment	(32,372)	32,372
Restated fund balance	<u>(\$71,888)</u>	<u>\$292,498</u>

NOTE 15: 401(a) PLAN

The Township adopted a retirement plan known as the Ira Township 401(a) Plan. The plan is a defined contribution plan with an employee deferral option. The Township Board is the administrator and has authority to establish the plan and amend it. This plan covers all employees in the selected cohesive group. The contributions to the plan are at the discretion of the Board and there were no contributions for the year ending June 30, 2008.

NOTE 16: CONTRACT FOR REAPPRAISAL AND ASSESSING SERVICES

The Township has entered into two three-year contract agreements with the County. The first one contracts the County to perform reappraisals on all Township parcels at a cost of \$7,215 per quarter for calendar years 2007-2009. The second one provides assessing services to the Township at a cost of \$4,375 per quarter for calendar years 2007-2009. Total cost of assessing services for the year ended June 30, 2008, totaled \$17,500, and the cost of the reappraisal services totaled \$28,861.

NOTE 17: SUBSEQUENT EVENTS

In October 2008, the Township loaned restricted monies from the Water and Sewer Fund to the General Fund. It is the intention to repay the loan with property taxes collected in December.



SUPPLEMENTAL INFORMATION

**Ira Township
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008**

	Debt Service			Total Nonmajor Governmental Funds
	Fire Truck Debt Service	Special Assessment 2000A	Special Assessment 2003	
Assets				
Cash and cash equivalents	\$ 339,822	\$ --	\$ --	\$ 377,704
Accounts and assessment receivable - current	2,051	--	--	19,801
Due from other funds - current	14,378	--	--	14,378
Accounts and assessment receivable - noncurrent	--	--	--	35,119
Due from other funds - noncurrent	8,642	--	--	8,642
Total Assets	\$ 364,893	\$ --	\$ --	\$ 455,644
Liabilities				
Deferred revenue	\$ 2,051	\$ --	\$ --	\$ 54,920
Total Liabilities	2,051	--	--	54,920
Fund Balance				
Unreserved	362,842	--	--	400,724
Total Fund Balance	362,842	--	--	400,724
Total Liabilities and Fund Balance	\$ 354,893	\$ --	\$ --	\$ 455,644



Ira Township
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Debt Service			Total
	Fire Truck	Special	Special	Nonmajor
	Debt Service	Assessment	Assessment	Governmental
		2000A	2003	Funds
Revenues				
Property taxes	\$ 185,266	\$ --	\$ --	\$ 185,266
Special assessments	--	--	9,330	34,910
Interest revenue	6,970	--	823	14,470
Total Revenues	192,236	--	10,153	234,646
Expenditures				
Other	--	--	125	138
Debt -Interest	8,750	--	1,219	16,990
Debt-principal	113,142	--	65,000	203,142
Total Expenditures	121,892	--	66,344	220,270
Excess of Revenues Over				
(Under) Expenditures	70,344	--	(56,191)	14,376
Other Financing Sources (Uses)				
Transfers from other funds	--	6,128	16,874	23,002
Transfers to other funds	--	--	--	--
Net Other Financing Sources (Uses)	--	6,128	16,874	23,002
Net Change in Fund Balance	70,344	6,128	(39,317)	37,378
<i>Fund Balance at Beginning of Period - Restated (Note 14)</i>	<i>292,498</i>	<i>(6,128)</i>	<i>39,317</i>	<i>363,346</i>
Fund Balance at End of Period	\$ 362,842	\$ --	\$ --	\$ 400,724

Ira Township
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Water / Sewer Fund
For the Year Ended June 30, 2008

	Budgeted Amounts			Variance Favorable (Unfavorable) Final to Actual
	Original	Final	Actual	
Revenues				
Licenses, fines, permits, and fees	\$ 32,000	\$ 32,000	\$ 36,474	\$ 4,474
Miscellaneous revenues	22,700	22,700	40,853	18,153
State grant	--	--	82,538	82,538
User charges	1,575,000	1,575,000	1,140,495	(434,505)
Water plant reimbursement	100,000	100,000	110,347	10,347
Tap fees	90,000	90,000	33,150	(56,850)
Water hauling	15,000	15,000	31,628	16,628
Lateral line charges	4,000	4,000	15,627	11,627
Debt service revenue	785,000	785,000	967,940	182,940
Interest revenue	16,500	16,500	7,415	(9,085)
Income on restricted assets	20,700	20,700	16,068	(4,632)
Total Revenues	2,660,900	2,660,900	2,482,535	(178,365)
Other Financing Sources	--	--	--	--
Total Revenues and Other Financing Sources	2,660,900	2,660,900	2,482,535	(178,365)
Expenditures				
Insurance and other	91,200	83,200	73,645	9,555
Other	151,075	196,179	165,903	30,276
Wages	696,000	689,000	637,576	51,424
Depreciation and amortization	--	--	1,108,842	(1,108,842)
Employee benefits	195,000	195,000	212,557	(17,557)
Utilities	98,000	98,000	85,536	12,464
Plant operation	295,000	292,880	237,756	55,124
Water plant discharge	90,000	90,000	110,347	(20,347)
Interest expense	340,409	340,409	386,875	(46,466)
Total Expenditures	1,956,684	1,984,668	3,019,037	(1,034,369)
Other Financing Uses	--	--	--	--
Total Expenditures and Other Financing Uses	1,956,684	1,984,668	3,019,037	(1,034,369)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	704,216	676,232	(536,502)	(1,212,734)
Fund Balance at Beginning of Period	9,149,479	9,149,479	9,149,479	--
Fund Balance at End of Period	\$ 9,853,695	\$ 9,825,711	\$ 8,612,977	\$ (1,212,734)



**Ira Township
Schedule of Indebtedness
June 30, 2008**

Water Fund 2004 Short Cut General Obligation Special Assessment Bonds:

Date of Issue	Amount of Issue	Interest Rate	Payable In Fiscal Year Ending June 30	Principal	Interest	Total
12-1-04	\$ 180,862	3.88 %	2009	\$ 30,000	\$ 3,525	\$ 33,525
			2010	25,000	2,458	27,458
			2011	28,000	1,430	29,430
			2012	22,862	444	23,306
Total 2004 General Obligation Bonds				105,862	\$ 7,857	\$ 113,719

Principal due September 1

Interest due March 1 and September 1

Special Assessment Bonds - Series 2006 General Obligation:

Date of Issue	Amount of Issue	Interest Rate	Payable In Fiscal Year Ending June 30	Principal	Interest	Total
6-21-06	\$ 135,000	6.85 %	2009	\$ 30,000	\$ 5,138	\$ 35,138
			2010	30,000	3,083	33,083
			2011	30,000	1,027	31,027
Total 2006 General Obligation Bonds				90,000	\$ 9,248	\$ 99,248

Principal due September 1

Interest due March 1 and September 1

Capital Improvement Bonds - Series 2006 General Obligation:

Date of Issue	Amount of Issue	Interest Rate	Payable In Fiscal Year Ending June 30	Principal	Interest	Total
6-21-06	\$ 480,000	3.95 %	2009	\$ 65,000	\$ 14,535	\$ 79,535
		4.05	2010	70,000	11,968	81,968
		4.10	2011	70,000	9,133	79,133
		4.15	2012	75,000	6,262	81,262
		4.20	2013	75,000	3,150	78,150
Total 2006 General Obligation Bonds				355,000	\$ 45,048	\$ 400,048
Total General Obligation Bonds				550,862		

Principal due May 1

Interest due May 1 and November 1

**Ira Township
Schedule of Indebtedness
(Continued)
June 30, 2008**

2003 Installment Loan - Fire Truck:

Total Borrowed	Interest Rate	Payable In Fiscal Year Ending June 30	Principal	Interest	Total
\$ 704,897	3.34 %	2009	\$ 116,952	\$ 4,940	\$ 121,892
		2010	59,946	1,001	60,947
Total 2003 Installment Loan			176,898	5,941	182,839

Principal and interest due March 1 and September 1

Water and Sewer Fund 1999 Installment Loan - DPW Facility:

Total Borrowed	Interest Rate	Payable In Fiscal Year Ending June 30	Principal	Interest	Total
\$ 650,000	4.30 %	2009	\$ 65,000	\$ 2,795	\$ 67,795
Total 1999 Installment Loan			65,000	2,795	67,795

Principal due January 1

Interest due January 1 and July 1

2006 Installment Loan - Ford F350 Fire Rescue Truck:

Total Borrowed	Interest Rate	Payable In Fiscal Year Ending June 30	Principal	Interest	Total
\$ 30,975	7.00 %	2009	\$ 7,465	\$ 1,082	\$ 8,547
		2010	7,988	559	8,547
Total 2006 Installment Loan			15,453	1,641	17,094
Total Installment Loans			257,351		

Principal and interest due December 21



**Ira Township
Schedule of Indebtedness
(Continued)
June 30, 2008**

Water Plant Lease Contract With St. Clair County - Series 2003A:

Dated	Lease Amount	Interest Rate	Payable In		Principal	Interest	Total
			Fiscal Year				
			Ending June 30				
5-28-03	\$ 4,520,000	2.750 %	2009		\$ -	\$ 126,364	\$ 126,364
		3.000	2010		270,000	118,808	388,808
		3.250	2011		280,000	110,208	390,208
		3.500	2012		285,000	100,670	385,670
		3.400	2013		290,000	90,752	380,752
		3.550	2014		295,000	80,586	375,586
		3.700	2015		310,000	69,615	379,615
		3.800	2016		330,000	57,610	387,610
		3.900	2017		410,000	43,345	453,345
		4.000	2018		430,000	26,750	456,750
		4.125	2019		440,000	9,075	449,075
Total 2003A Lease Contract					3,340,000	\$ 833,783	\$ 4,173,783

Principal due July 1

Interest due January 1 and July 1

St. Clair County Sewage Disposal System No. 1 Ira Township Bonds - Series 1999:

Dated	Lease Amount	Interest Rate	Payable In		Principal	Interest	Total
			Fiscal Year				
			Ending June 30				
11-1-99	\$ 856,656	5.000 %	2009		\$ 87,252	\$ 18,477	\$ 105,729
		5.000	2010		91,218	14,114	105,332
		5.125	2011		93,201	9,553	102,754
		5.125	2012		93,202	4,777	97,979
Total Sewer Disposal System 1999 Bonds					364,873	\$ 46,921	\$ 411,794

Principal due April 1

Interest due April 1 and October 1

St. Clair County Sewage Disposal System No. 1 Ira Township Bonds - Series 2003:

Dated	Lease Amount	Interest Rate	Payable In Fiscal Year Ending June 30		Principal	Interest	Total
3-1-03	\$ 1,050,000	3.400 %	2009		\$ 40,250	\$ 35,310	\$ 75,560
		3.450	2010		42,000	33,941	75,941
		3.500	2011		43,750	32,492	76,242
		3.500	2012		47,250	30,961	78,211
		3.650	2013		49,000	29,307	78,307
		3.800	2014		52,500	27,518	80,018
		3.900	2015		54,250	25,524	79,774
		4.000	2016		56,000	23,408	79,408
		4.000	2017		59,500	21,168	80,668
		4.100	2018		63,000	18,788	81,788
		4.200	2019		66,500	16,205	82,705
		4.300	2020		70,000	13,412	83,412
		4.400	2021		73,500	10,402	83,902
		4.500	2022		77,000	7,168	84,168
		4.600	2023		80,500	3,704	84,204
Total Sewer Disposal System 2003 Bonds					875,000	\$ 329,308	\$ 1,204,308

Principal due March 1

Interest due March 1 and September 1



**Ira Township
Schedule of Indebtedness
(Continued)
June 30, 2008**

Water Plant Lease Contract With St. Clair County - Series 2003B:

<u>Dated</u>	<u>Lease Amount</u>	<u>Interest Rate</u>	<u>Payable In Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
5-28-03	\$ 2,045,000	2.75 %	2009	\$ -	\$ 49,965	\$ 49,965
		3.00	2010	170,000	45,077	215,077
		3.25	2011	175,000	39,684	214,684
		3.50	2012	190,000	33,515	223,515
		3.40	2013	200,000	26,790	226,790
		3.55	2014	210,000	19,663	229,663
		3.70	2015	215,000	11,958	226,958
		3.80	2016	210,000	3,990	213,990
Total 2003 Lease Contract				1,370,000	\$ 230,642	\$ 1,600,642

Principal due July 1

Interest due January 1 and July 1

St. Clair County DWRF Bonds - 2006 Project #7170-01

<u>Dated</u>	<u>Lease Amount</u>	<u>Interest Rate</u>	<u>Payable In Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
9-21-06	\$ 4,900,000	2.125 %	2009	\$ 205,000	\$ 93,117	\$ 298,117
			2010	210,000	80,700	290,700
			2011	215,000	84,298	299,298
			2012	215,000	79,729	294,729
			2013	220,000	75,160	295,160
			2014	225,000	70,485	295,485
			2015	230,000	65,704	295,704
			2016	235,000	60,816	295,816
			2017	240,000	55,823	295,823
			2018	245,000	50,723	295,723
			2019	250,000	45,517	295,517
			2020	255,000	40,204	295,204
			2021	260,000	34,785	294,785
			2022	270,000	29,200	299,200
			2023	275,000	23,523	298,523
			2024	280,000	17,679	297,679
			2025	285,000	11,729	296,729
			2026	290,000	5,673	295,673
			2027	295,000	-	295,000
Balance available to draw at 6/30/08				(318,048)	(490)	(318,538)
Total 2006 DWRF Bonds				4,381,952	\$ 924,375	\$ 5,306,327
Total Lease Contracts				10,331,825		

Principal due April 1

Interest due April 1 and October 1

TOTAL INDEBTEDNESS

\$ 11,140,038





McBride, Manley & Miiller P.C.

Certified Public Accountants

Marine City, MI (810) 765-4700

Chesterfield, MI (586) 598-4600

November 4, 2008

Township Board
Ira Township
7085 Meldrum Road
Fair Haven, Michigan 48023

Honorable Board Members:

We have concluded the examination of the records of IRA TOWNSHIP for the year ended June 30, 2008. During our audit, certain items came to our attention which we believe warrant consideration of the Township officials.

PURCHASING

The current Township policies require that bids be obtained for purchases in excess of \$1,500 for other than normal reoccurring goods and services. During our testing, we found payment for services that exceeded the threshold for bids, however, we were unable to locate the bidding process in the minutes. Whenever purchases are made that require bids, the minutes should reflect that either bids were received and reviewed, or the reason that bids were not necessary, such as emergency situations, and note the Board's approval.

During our testing, we discovered violations of the Township's credit card policy. Some of the reviewed invoices, although immaterial in dollar amount, lacked information required by the policy. We suggest all applicable employees review this policy, and payment should not be approved by the Township until all requirements have been met.

We also discovered many invoices are not being posted to the correct period throughout the year. This affects the accuracy of interim reporting. We recommend closer attention be paid to the date of service or goods received to enhance interim reporting.

Some invoices were also found to contain no approval signature, no indication they were checked for mathematical accuracy, no indication that product or service was received, and were posted to improper accounts. We also found an instance where sales tax was remitted to an employee on an expense reimbursement basis.

UTILITY BILLINGS

During our testing, we found incorrect meter reading dates on some bulk billing invoices. Better care should be taken when preparing these invoices in order to avoid confusion and to report the readings accurately.

We also recommend a journal entry be made quarterly to record the utility billing revenues into the proper period. Currently, this is being done at year end only. Failure to do so distorts interim reporting.

We also found a few instances where customers were over or underbilled due to the meter readings being entered incorrectly into the billing system. Although these billings were corrected in future periods, greater care should be taken when entering readings to avoid this problem. Audit reports comparing usage to previous periods should be more carefully reviewed to assist in preventing these errors.

We would also like to recommend some type of "master file" showing all addresses that do not receive garbage and/or sewer service. It is difficult to determine whether the fee is missing in error or is due to lack of service.

PAYROLL

During our audit, we found an instance where we could not locate Board approval of the EMT's rate of pay. Such approvals should be maintained in the appropriate personnel file.

RECEIPTS

We found an instance where a receipt was posted to the general ledger a few days after it was received and deposited. It was received after the daily cash receipts had been posted, therefore, remaining an open balance in the system. The open balance was not discovered until a few days later and was then posted with that day's receipts. We recommend all open balances be reviewed daily to assure all receipts are posted on a timely basis.

FUND BALANCE

The General Fund finished the year with a fund balance deficit of more than \$100,000. What this means is that the outstanding liabilities exceed the resources available to pay those liabilities. The borrowing of these monies was from funds restricted for the repayment of bond debt. This is in direct violation of the Township's bond covenants. The fund balance deficit is in violation of Michigan statute. The General Fund has overspent its revenues in each of the last three years to the extent of more than \$350,000. We recommend that the Board review the budgets for the year ending June 30, 2009, for all funds, taking into consideration the amounts needed for bond repayment, installment loans, and general operating expenses. We also recommend that a combination of increases in fees and immediate and significant reductions in expenses be completed and very closely monitored to assure they are realized. Due to fluctuations in cash flow, the General Fund should have a minimum of \$200,000 in their fund balance, which would require revenues over expenditures of \$300,000, and we suggest that this be completed within the next four years.

The fund balance deficit has resulted in the General Fund owing other funds in excess of \$180,000, the majority of which is due to the Water and Sewer Fund. This jeopardizes the ability of the Water and Sewer Fund to pay their payments as well.

This situation has been addressed in both of the last two year's comments and recommendations letters.

MISCELLANEOUS ITEMS

During our audit, we found various miscellaneous items listed below:

- In some instances, permit fees are collected at multiple times on the same permit, such as for re-inspection. This makes it difficult to account for all fees collected during a specified time period using a series of permit numbers. We suggest that a system be designed to allow for the tracking of permits issued, with all fees collected on those permits to agree to the general ledger.
- We could not verify the revenue from the Verizon cellular tower rentals with the contract. We recommend all contracts be complete and kept up to date.



- Currently, the annual budget is passed by the Board of Directors in a summarized format, making it difficult to compare budget to actual expenditures throughout the year. We recommend the budget be passed in a more detailed format, stemming from the general ledger, for better tracking and visibility.

State law requires that any budget amendments be made prior to the expenditure. We found several instances when the expenses exceeded the budgeted amount prior to the corresponding amendment.

CONCLUSION

We would like to express our appreciation and thanks to the Township Supervisor, Clerk, Treasurer, and office personnel for their cooperation and many courtesies extended to us during our examination. We will be available to discuss these recommendations in detail or to assist in their implementation.

This report is intended solely for the information and use of the Township Board, management, and others within the Township. This restriction is not intended to limit the distribution of this report which is a matter of public record.

Respectfully submitted,

McBride, Manley & Müller PC
McBRIDE, MANLEY & MÜLLER P.C.
Certified Public Accountants

